



Consent Decree, Case DJ # 90-5-2-1-11484

Semi-Annual Report

Reporting Period: January 1, 2019 – June 30, 2019

August 29, 2019

HighPoint Operating Corporation ("HighPoint") is submitting this Semi-Annual Report due August 29, 2019 per the Consent Decree in the case matter of DJ # 90-5-2-1-11484. The reporting period covered by this Semi-Annual Report is from January 1, 2019 through June 30, 2019.

The following sections contain a summary of compliance with references to attachments and supporting data.

DEVELOPMENT OF AN OPEN LOOP MODELING GUIDELINE and DEVELOPMENT OF A CLOSED LOOP VCS DESIGN GUIDELINE (Attachment A)

Paragraph 38.a Requirement: *"A copy of the Open Loop Modeling Guideline or Closed Loop Design Guideline if they were revised during the reporting period."*

HighPoint has no revisions to report regarding the Open Loop and Closed Loop Modeling Guidelines. The current document versions are listed below.

Current Open Loop Modeling Guideline Version

Oil Production Facility Storage Tank Vapor Control System Design, Guide to ZSTD-0009
Third Edition, November 2018

Current Closed Loop Modeling Guideline Version

Tank Emission Management System (TEMS)
Program Requirements Document, ZSTD-0010 FIRST EDITION
August 2018

VCS FIELD SURVEY, ENGINEERING EVALUATION, AND MODIFICATION and CLOSED LOOP VCS FIELD SURVEY AND ENGINEERING EVALUATION (Attachment B)

Paragraph 38.b Requirement: *"Status and/or completion of either the Open or Closed Loop Engineering Evaluations and any Open Loop Vapor Control System modifications, including a list of any Tank Systems Shut-In for which either an Open or Closed Loop Engineering Evaluation or any Open Loop Vapor Control System modifications resulting from the Open Loop Engineering Evaluation have not been performed, a summary of modifications to Open Loop Vapor Control Systems completed during the reporting period, and the information specified in either Appendix B, subparagraph 3(b)(3) or Appendix C, subparagraph 2(b)(3) for Tank Systems that underwent the subparagraph Appendix B, subparagraph 3(a)-(b) or Appendix C, subparagraph 2(a)-(b) (Field Survey) evaluation during the reporting period."*

Please see Excel Spreadsheet:

"08292019 HighPoint_SemiAnnualReport_Attachments_Protected" for Attachment B Field Surveys

Open Loop VCS Field Survey

HighPoint has completed a one-time evaluation of the condition of all PRVs, thief hatches, blowdown valves, mountings, and gaskets at each tank in the Vapor Control System at facilities listed in Appendix A.1. HighPoint maintained records of the completed field surveys and is providing records in spreadsheet form. Records were reported in the May 1, 2019 Semi-Annual Report and have not changed. The spreadsheet includes initial inspections for A.1 facilities reported on May 1, 2019 and A.2 facilities have been added for August 29, 2019 reporting.

Closed Loop VCS Field Survey

HighPoint has completed a one-time evaluation of the condition of all PRVs, thief hatches, blowdown valves, mountings, and gaskets at each tank in the Vapor Control System at facilities listed in Appendix A.2. HighPoint maintained records of the completed field surveys and is providing records in spreadsheet form for the August 29, 2019 Semi-Annual Report. The spreadsheet includes initial inspections for A.1 facilities reported on May 1, 2019 and A.2 facilities have been added for August 29, 2019 reporting.

OPEN LOOP VCS INITIAL VERIFICATION and CLOSED LOOP VCS VERIFICATION OF ENGINEERING EVALUATION (Attachment C)

Paragraph 38.c Requirement: *"The information identified in Appendix B, subparagraph 4(b) (Open Loop Vapor Control Systems Certification of Completion Report) or Appendix C, subparagraph 3(c) (Closed Loop Vapor Control Systems Certification of Completion Report)."*

Please see Excel Spreadsheet:

"08292019 HighPoint_SemiAnnualReport_Attachments_Protected" for Attachment C1 Open COC Report and C2 Closed COC Report

Appendix B, subparagraph 4(b) Certification of Completion Report

HighPoint previously submitted the Report with the May 1, 2019 Semi-Annual Report.

Appendix C, subparagraph 3(c) (Closed Loop Vapor Control Systems Certification of Completion Report)

HighPoint is providing the Certification of Completion Report in spreadsheet form and can be found in Attachment C2 Closed COC Report

OPEN LOOP VCS POST-CERTIFICATIONS OF COMPLETION MODIFICATIONS and CLOSED LOOP VCS MODIFICATION (Attachment D)

Paragraph 38.d Requirement: *“A summary of any evaluations undertaken pursuant to Appendix B, Paragraph 5 or Appendix C, subparagraph 2(d) during that reporting period to determine whether modifications were necessary at Vapor Control Systems for other Tank Systems and the timing, results, locations, and description of any modifications of other Vapor Control Systems or a timeline for the completion such modifications.”*

Please see Excel Spreadsheet:

“08292019 HighPoint_SemiAnnualReport_Attachments_Protected” for Attachment D Post Cert Mods

Open Loop Vapor Control System Post-Certification of Completion Modifications (Appendix B, Paragraph 5)

In February 2019 the Will 6-62-15_22 NENW Pad, 9E4C, removed two tanks from the VCS. A design analysis was completed prior to removal and an updated summary is provided in spreadsheet form in Attachment D Post Cert Mods

The Dutch Lake 8-10H, 9C0D, is a one well facility utilizing a pump jack and has been shut-in since May 2017. A design analysis was completed in August 2018 and HighPoint has been waiting for the well to return to production. On May 16, 2019 a workover rig was moved to the Dutch Lake 8-10H and operations anticipated the well would be placed on gas lift utilizing a plunger after completion of the work. The design analysis was completed on 5/28/19 and showed removing the pump jack and returning the well to gas lift would require modification to the facility. Therefore, a VRT and VRU was added to the facility and all modifications were completed 6/28/19. The Dutch Lake 8-10H returned to production 6/18/19 and an updated summary of the Dutch Lake 8-10H is provided in spreadsheet form in Attachment D Post Cert Mods.

Closed Loop Vapor Control System Modification (Appendix C, subparagraph 2(d))

HighPoint has nothing to report regarding Closed Loop Vapor Control System Modification

CLOSED LOOP VCS ALARM AND SHUT-IN LOG (Attachment E)

Paragraph 38.e Requirement: *“A copy of the alarm and Shut-In log required under Appendix C, subparagraph 3(d), in a spreadsheet.”*

Please see Excel Spreadsheet:

"08292019 HighPoint_SemiAnnualReport_Attachments_Protected" for Attachment E
Closed Alarm & SI Log

Closed Loop Vapor Control System Alarm and Shut-In Log (Appendix C, Subparagraph 3(d))

HighPoint is providing a copy of the alarm and Shut-In log in spreadsheet form in Attachment E Closed Alarm & SI Log. For duration of alarm we are providing the duration of time at or above either the trigger point, leak point, or set point. By way of example, if leak point but not set point was exceeded, then only the duration of time above leak point and below set point is provided, not the duration of time above trigger point and below leak point.

**DIRECTED INSPECTION AND PREVENTATIVE MAINTENANCE PROGRAM ("DI/PM")
(Attachment F)**

Paragraph 38.f Requirement: *"Status of DI/PM program development and implementation, including a copy of HighPoint's DI/PM program if revised during the reporting period, identification of any new or modified maintenance or inspection schedules or replacement program (see subparagraph 10(c)) during the reporting period, a summary of any reviews of or modifications to the spare parts program (see subparagraph 10(d)) during the reporting period, and, beginning with the Semi-Annual Report due August 29, 2020, the information required by subparagraph 10(g)(5)."*

Directed Inspection and Preventative Maintenance Program (Paragraph 10):

HighPoint's DI/PM program received final comments on February 7, 2019 and was fully implemented as of February 18, 2019. The DI/PM program has not been revised or amended since approval, however, a final copy has not been submitted in a semi-annual report so HighPoint is submitting a final copy with the August 29, 2019 semi-annual report.

PERIODIC INSPECTIONS AND MONITORING (Attachment G)

Paragraph 38.g Requirement: *"The information identified in subparagraph 11(c) for periodic inspections and monitoring."*

Please see Excel Spreadsheet:

"08292019 HighPoint_SemiAnnualReport_Attachments_Protected" for Attachment G PM

Periodic Inspections and Monitoring (Paragraph 11)

HighPoint is providing a copy of the inspection and monitoring log in spreadsheet form in attachment G PM. The log includes completed inspections and any instance where Reliable Information was observed and completed corrective actions.

RELIABLE INFORMATION, INVESTIGATION, AND CORRECTIVE ACTION (Attachment H)

Paragraph 38.h Requirement: *"Copies of the spreadsheets as specified and required by subparagraphs 12(b)–(d) for inspections conducted pursuant to Paragraph 12 during the reporting period and the results of any Root Cause Analysis as specified and required pursuant to subparagraph 12(e)(1) during the reporting period."*

Please see Excel Spreadsheet:

"08292019 HighPoint_SemiAnnualReport_Attachments_Protected" for Attachment H RI

Reliable Information, Investigation, and Corrective Action (Paragraph 12)

HighPoint is providing a copy of the Reliable Information, Investigation, and Corrective Action log in spreadsheet form in Attachment H RI.

HighPoint's first root cause analysis is due September 30, 2019 and is not provided in this August 29, 2019 Semi-Annual Report.

OPEN LOOP VCS VERIFICATION OF DESIGN ANALYSIS (Attachment I)

Paragraph 38.i Requirement: *"The Verification Report identified in subparagraph 6(e) (as applicable), and the status of any ongoing verification."*

There are no Open Loop Design Analysis Verification Requirements to report at this time. The Verification Work Plan was approved by Michael Stovern at U.S. EPA, Region 8 on 5/31/19. SLR International Corporation (SLR) is performing the work verification and is currently working towards completion. Further information will be submitted with the February 28, 2020 Semi-Annual Report, as required.

TANK PRESSURE MONITORING (Attachment J)

Paragraph 38.j Requirement: *"Status and/or completion of installation of pressure monitors, including the information specified and required by subparagraph 15(g)."*

HighPoint has no reporting requirements for Tank Pressure Monitoring (Paragraph 15) for this reporting period. Please refer to TEMS data.

ENVIRONMENTAL MITIGATION PROJECT (Attachment K)

Paragraph 38.k Requirement: *"A summary of activities undertaken during the reporting period and a summary of costs incurred since the previous report."*

Please see Excel Spreadsheet:

"08292019 HighPoint_SemiAnnualReport_Attachments_Protected" for Attachment K Mitigation

Environmental Mitigation Project (Section V and Appendix D)

During this reporting period HighPoint completed installation of load out controls at the 70 Ranch 4-63-3 Pad 2. HighPoint has completed the Mitigation Project and is providing a summary of all activities in spreadsheet form in attachment K Mitigation. The summary includes completion dates and costs for the project. All operational changes are reflected in the Design Analysis for each Open Loop A.1 Facility.

In addition, HighPoint has updated load out instructions and posted onsite. HighPoint also is in the process of communicating requirements of load out to 3rd party haulers via the oil buyers who hire them. HighPoint personnel have been instructed to observe load out when onsite with 3rd party haulers to ensure procedures are properly followed.

One of the largest challenges HighPoint has experienced during the Mitigation Project is the integrity of the hoses being used for load out. Hoses are prone to cracking or being run over by trucks onsite. Hoses are also frequently thrown and treated harshly. HighPoint is currently evaluating options for replacement parts moving forward.

STATE-ONLY SEP(s) (Attachment L)

Paragraph 38.l Requirement: *"A summary of activities undertaken and costs incurred since the previous report."*

HighPoint has submitted a State-Only SEP (Section VII) for approval to the CDPHE and awaits further comment and approval. Payment and notification of payment will be completed after a final State-Only SEP is approved.

PROBLEMS (Attachment M)

Paragraph 38.m Requirement: *"A summary of any problems encountered or anticipated in complying with this Consent Decree during the reporting period, together with implemented or proposed solutions, if available."*

There are no Problems to report at this time.

Non-Compliance (Attachment N)

Paragraph 38.n Requirement: *"A description of any non-compliance with the requirements of this Consent Decree during the reporting period and an explanation of the likely cause and of the remedial steps taken, or to be taken, to prevent or minimize such violation."*

Pursuant to Appendix C, Paragraph 2.c.(1)(a), HighPoint is required to operate a Closed Loop Vapor Control System as required by this Appendix C and in a manner consistent with the Closed Loop Design Guidelines beginning the first date of Normal Operations that follows creation of the Closed Loop Vapor Control System. For the six facilities below, TEMS was fully installed and verified as of March 29, 2019 and normal operations resumed on that date; however, TEMS was not fully operational until April 1, 2019. This delay was inadvertent due to completing and finalizing all facilities with TEMS design by the March 31, 2019 deadline. No remedial steps are necessary given the limited and one-time nature of the noncompliance.

ANSCHUTZ EQUUS FARMS 4-62-15 NE
ANSCHUTZ EQUUS FARMS 4-62-15 NW
ANSCHUTZ EQUUS FARMS 4-62-9N
ANSCHUTZ STATE 5-62-22_23 SWSW
CVR 5-63-32 PAD
HELTON 5-63-27

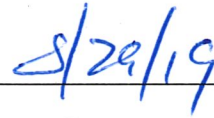
CERTIFICATION

Pursuant to Paragraph 41 of the COC, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.



Ken Wonstolen

Vice President and General Counsel



Date